



**An FPC and Open University event
supported by Lovells LLP**

Going for Growth: Can commodities transform development in Africa and China?

**CONFERENCE PROGRAMME
AND
CONCEPT NOTE**

**Friday 21 November
9.30am-5.00pm
Lovells LLP
Atlantic House, Holborn Viaduct, London EC1A 2FG**

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**Going for Growth:
Can Commodities Transform Development in Africa and China?**

CONFERENCE PROGRAMME

09.30 – 09.50

COFFEE AND REGISTRATION

09:50 – 10:00

WELCOME AND OPENING REMARKS

Michael Davison, Head of International Arbitration, Lovells
Andrew Hood, Chair, Foreign Policy Centre

10.00 – 11.00

PLENARY 1: Feeding Africa's Future

Convenor:

Lindsey Hilsum

China Correspondent and International Editor, Channel 4 News

Speakers:

Graham Zebedee

Deputy Head, Africa Department,
Foreign and Commonwealth Office

James Keeley

Senior Researcher, Sustainable Agriculture, Biodiversity and
Livelihoods, International Institute for Environment and
Development (IIED)

Professor Raphael Kaplinsky

Open University

Rapporteurs:

Watu Wamae, Open University

Niall Ahern, Foreign Policy Centre

11.00 – 11.30

COFFEE BREAK

11.30 – 12.30

PLENARY 2: Energising Africa's development

Convenor:

Myles Wickstead

Former Head of Secretariat, Commission for Africa and Visiting
Professor (International Relations), Open University

Speakers:

Roubien Indjikian

Deputy Head, Special Unit on Commodities, UNCTAD

Patrick Smith

Editor, Africa Confidential

Rapporteurs:

Julius Mugwagwa, Open University

Owen Larter, Foreign Policy Centre

12.30 – 13.30

LUNCH

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13.30 – 14.30

PLENARY 3: Minerals and shared growth in Africa

Convenor:

Dr Nkosana Moyo

Partner, Actis Africa and Former Minister for Industry and International Trade in Zimbabwe

Speakers:

Edward Bickham

Vice President, External Affairs, Anglo American Plc

John Kemp

Commodities and Energy Columnist, Thomson Reuters

Professor Raymond Bush

Leeds University

Rapporteurs:

Masuma Farooki, Open University

Armin Seif, Foreign Policy Centre

14.30 – 16.00

DISCUSSION GROUPS (WITH COFFEE)

Working Group 1:

Energy security and sustainability: Building reliable and affordable access

Convenor:

Ed Crooks

Energy Editor, the Financial Times

Presenter:

Daniel Large

Africa Asia Centre, School of Oriental and African Studies (SOAS)

Rapporteurs:

Julius Mugwagwa, Open University

Owen Larter, Foreign Policy Centre

Working Group 2:

Precious grains: Unlocking Africa's agricultural development potential

Convenor:

Professor David Wield

Open University

Presenter:

Yahia Mohamed Mahmood

Department of Social and Economic Geography, Lund University, Sweden

Rapporteurs:

Watu Wamae, Open University

Zhang Feng, Foreign Policy Centre



Working Group 3:

Mineral commodities and development: Friend or foe?

Convenor:

Professor Raymond Bush

Leeds University

Presenter:

Alastair Fraser

Department of Politics and International Relations,
Oxford University

Rapporteurs:

Masuma Farooki, Open University

Armin Seif, Foreign Policy Centre

16:00 – 16.45

CLOSING PLENARY: Africa and China: The road ahead...

Convenor:

Uduak Amimo

BBC World Service: *Focus on Africa and Network Africa*

Speakers:

Dr Linda Yueh

St. Edmund Hall, Oxford University

William Gumedé

Author, *The Democracy Gap; Africa's Wasted Years* (2009)

Mavis Owusu-Gyamfi

Deputy Director, Private Sector Development

UK Department for International Development (DfID)

Rapporteurs:

Niall Ahern, Foreign Policy Centre

Owen Larter, Foreign Policy Centre

16:45 – 17:00

CLOSING REMARKS

Dr Giles Mohan

Reader in Development Studies, Open University



Concept Note

About the Conference

The Foreign Policy Centre (FPC), in partnership with the International Development Centre at the Open University (OU), and in association with Lovells LLP is hosting a conference to explore the contours of cooperation between China and Africa in the areas of commodities, energy security and agricultural development.

The aim of the conference is to try to understand whether Chinese engagement in Africa is having a transformative impact on the nature of politics and power throughout the continent,¹ and to examine China's growing influence on economic development and reform across Africa.

Commodities in general, and food and energy security in particular, provide unique and topical frameworks through which to explore Africa-China relations. The conference and follow-up report will be practical and accessible whilst also avoiding over-simplification of the complex and intricate relationships that constitute the ever-evolving engagement between the People's Republic of China and the continent of Africa.

The conference is bringing together key decision-makers from multilateral institutions, governments including policymakers, ministerial special advisers, parliamentarians, leaders from business and enterprise (particularly those operating in Africa and China), and stakeholders from academia, the media and civil society, as well as diplomatic representatives.

About the Partners

The Foreign Policy Centre

The Foreign Policy Centre (FPC – www.fpc.org.uk) is a leading foreign affairs think tank that was launched under the patronage of the former British Prime Minister Tony Blair, to develop a vision of a fair and rule-based world order. Through research, publications and events, the Centre aim to develop innovative policy ideas which promote:

- Effective multilateral solutions to global problems
- Democratic and well-governed states as the foundation of order and development
- Partnerships with the private sector to deliver public goods
- Support for progressive policy through effective public diplomacy
- Inclusive definitions of citizenship to underpin internationalist policies.

The Foreign Policy Centre has produced a range of seminal publications by key thinkers, on subjects ranging from the future of Europe and international security to identity and the role of non-state actors in policymaking. The Centre also runs a rich and varied public events programme which regularly features high profile speakers including Government and shadow Ministers, representatives from academia, and from NGOs, the private sector and the media.

¹ Mark Leonard [What does China think?](#), Fourth Estate, London, 2008



The Open University

The Open University (OU – www.open.ac.uk) is the United Kingdom's only university dedicated to distance learning. It has around 150,000 undergraduate and more than 30,000 postgraduate students, with more than 25,000 students living outside the UK. About 70% of undergraduate students are in full-time employment and more than 50,000 students are sponsored by their employers for their studies.

The OU also has a vibrant research culture with a number of world leading research centres. Supporting this event are the International Development Centre (IDC – idc.open.ac.uk) and the Innovation, Knowledge and Development research centre (IKD

- www.open.ac.uk/ikd). IDC is an inter-faculty centre conducting research collaborations with scholars and institutions in the global South. IDC promotes collaborative research and teaching of a high academic standard that also addresses pressing needs for policy, training and practical interventions to better the lives of people in the global South. IKD addresses the dynamics between technology creation and diffusion, business behaviour, government and non-governmental actors. A primary focus is exploring the ways that knowledge and innovation can contribute to inclusive and sustainable patterns of development. Finally, much of this work feeds into the Asian Drivers programme (asiandrivers.open.ac.uk) which address, through a community of linked scholars, the question of what impact China and India will have on the developing world in general, and on the nature and incidence of poverty in particular?

Lovells LLP

Lovells LLP (www.lovells.com) is a top-quality international legal practice, focused on the commercial and legal needs of its clients worldwide. In Asia, the Middle East, Europe and North America the firm advises clients on how best to raise capital, protect investments, conduct and grow their business, liaise with regulators and resolve disputes in markets as diverse as Amsterdam, Brussels, Dubai, Frankfurt, London, New York, Madrid, Paris, Rome, Shanghai, Tokyo and Warsaw.

The practice has major strengths in its Banking, Corporate, Capital Markets, Dispute Resolution, Insurance and Reinsurance, Intellectual Property, Project Finance and Real Estate sectors, and is a market leader in the field of Competition and EU law. This strength is applied to a range of industry sectors including Consumer, Energy, Power and Utilities, Financial Institutions, Financial Markets, Industrials, Insurance, Life Sciences, Manufacturing, Real Estate and Construction, Public Sector, Services, TMT and Transport.

Clients value the strength and depth of Lovells' integrated international reach, its collaborative teamwork, commercial knowledge and industry sector understanding of its lawyers.



FOOD, MINERALS AND ENERGY: DIRECT AND INDIRECT EFFECTS OF AFRICA-CHINA ENGAGEMENT

Africa's current economic recovery is increasingly recognised as more than mere cyclical growth but real structural transformation. This has, in part, been led by the economic and political ascent of China. That China and Africa's trade in commodities has increased is beyond doubt. Bilateral trade exploded from \$2 billion in 1999 to \$39.7 billion by 2005² and by 2006, trade volumes exceeded US\$55 billion - a 40 percent increase compared to the previous year³. As such, there is nowhere in the world where China's emerging footprint in trade, aid, investment and development co-operation is more evident than in Africa south of the Sahara.

In order to understand and respond to this in a meaningful way, the direct and indirect impacts of China on sub-Saharan Africa (SSA) must be clearly identified⁴. In some key mineral commodities the impact is direct where demand has increased. Indirect effects include price rises on world markets as a result of China's demand. For some minerals this may be good for Africa as profits increase, but less positive in agriculture, where China's demand for grains, meat and milk pushes up the world price, thereby severely impacting on poor people in SSA and elsewhere.

Since 2003, crude oil prices have increased by a staggering 250% and the price of corn has rocketed by 130%⁵. China's growth and the surge in global commodity prices provoke two important questions. **What are the direct and indirect impacts of these record prices on markets in Africa, China and beyond? In addition, to what extent are food and energy demands driving Sino—African engagement and how does this shape political development and the governance agenda in Africa?**

In terms of agricultural commodities, global food consumption and food markets are being redefined by a number of factors which have introduced severe constraints in food production. Strong sustained growth rates in China and other parts of the developing world, as well as shifting rural-urban populations in these emerging markets, and the spending and consumer preferences this ushers in, have transformed demand for agricultural commodities sourced from Africa⁶. In times past, low income food-producing economies in Africa bemoaned their deteriorating terms of trade, as farm-gate prices were driven down by state-subsidised over-production in industrialised countries. Today however, concerns have expanded to include not only protecting the livelihoods of farmers and smallholders (some of whom have enjoyed increasing incomes due to the commodities boom), but also to shielding consumers from food shortages and escalating prices, particularly those living in poverty⁷. China, and indeed Africa's keenness to uphold special protection to shield its local farmers from international competition was demonstrated during the most recent collapse in the Doha development round negotiations. Furthermore, the world is also witnessing the rapid development of new crops such as biofuels, which exploit vital arable land for their production and whose expansion is being harshly felt across SSA. **In light of this, how is Chinese aid is being used to develop agricultural capacity in African countries? Could China act as a catalyst to unlock Africa's**

² <http://www.undp.org.cn/modules.php?op=modload&name=News&file=article&thold=-1&mode=flat&order=0&sid=291>

³ http://english.peopledaily.com.cn/200701/30/eng20070130_346085.html

⁴ See Kaplinsky, R. (2008) What Does the Rise of China Do for Industrialisation in Sub-Saharan Africa? *Review of African Political Economy*, 115, 7-22

⁵ Javier Blas "Analysts differ about commodity bubble" *Financial Times* (10 March 2008)

<http://www.ft.com/cms/s/0/21d87806-eedd-11dc-97ec-0000779fd2ac.html>

⁶ <http://www.ifpri.org/pubs/fpr/pr18.pdf>

⁷ <http://www.ifpri.org/pubs/fpr/pr18.pdf>



agricultural development potential by improving self-sufficiency and productivity across the continent?

China's thirst for global energy is not only fuelled by its rapid economic expansion and rising consumer demand, but also because its particular stage of economic transformation means that it is inevitably an inefficient user of energy, which increases environmental degradation. China's massive demand for timber, the re-opening of defunct mines and allegedly lax environmental standards are further impacting on sustainable development in SSA. **Does the environmental sustainability agenda, with specific regard to climate change and biodiversity loss, present challenges and opportunities for partnerships between Africa and China to promote energy efficiency and low carbon growth?**

BACKGROUND: THE RECENT RISE OF AFRICA-CHINA ENGAGEMENT

Contrary to popular belief, China's engagement with Africa is by no means a recent phenomenon. The engagement dates back to the early 15th century (some 80 years before Columbus) and really took off after World War II. Cooperation intensified during and after Africa's struggle for independence at a time when China's own development was very fragile⁸. Notwithstanding this, the scale and pace of today's engagement is unprecedented and set to accelerate.

The growth of Sino-African trade has risen even more rapidly than Chinese trade with the rest of the world. In 2006, China's exports to Africa were worth US\$26.7 billion, an increase of 43 percent from the previous year, and African imports to China were worth US\$28.8 billion, an increase of 37 percent. Over the 10 year period leading up to 2004, China provided over US\$5 billion in loans to Africa. From 2006, China pledged to double Africa's development aid in loans and investment credits to US\$5 billion. In addition, Beijing promised a further US\$5 billion to establish a China-Africa development fund to facilitate investment by the Chinese private sector across the continent. Currently, China is set to overtake the World Bank as the continent's main financial provider⁹.

CHINA AND AFRICA: CHANNELS OF INTERACTION

An overview of China's links with SSA distinguishes different channels of impact transmission, the distinction between complementary and competitive impacts, and between direct and indirect impacts¹⁰. Six key channels stand out in importance:

- through trade links
- through investment flows (FDI and portfolio investments)
- through aid
- in institutions of global governance
- through flows of people (including migrants)
- through environmental spill-overs

In each of these channels of interaction, there is a mix of complementary and competitive impacts. For example, with regard to trade, China may both provide cheap inputs and consumer goods to SSA, and be a market for SSA exports. On the other hand, imports from China can readily displace local producers. Similarly, financial flows, environmental spill-overs and

⁸ Firoze Manji and Stephen Marks "Africa and China: then and now" an interview with Kwesi Kwaa Prah by Patrick Burnett pp57-62, African perspectives on China in Africa, Fahamu 2007

⁹ <http://www.twinside.org.sg/title2/finance/twninfofinance010.htm>

¹⁰ See Kaplinsky (2008) *ibid.*



migration may be either complementary or competitive. The key element of these interactions is the “for whom” component. Countries may be affected differentially but these effects are not just felt at the national and economy-wide level. They also affect groups within countries differentially.

The complementary-competitive axis of impacts is readily comprehended and widely recognised. Less well-recognised is the distinction between direct and indirect impacts. In part, this is because indirect impacts are difficult to measure. Indirect impacts occur in third country markets and institutions. For example, China’s trade with the US may open or foreclose opportunities for SSA economies to export into that market. As in the case of complementary/competitive access, the impact of direct and indirect impacts can be gauged either at the country level, or at intra-national levels.

AFFORDABLE, ACCESSIBLE AND RELIABLE ENERGY SUPPLIES

Africa’s role in addressing the global energy crisis

In recent years, global energy security has become increasingly more important, making it a critical component of foreign policy for China, the US and other industrialised countries. The very real risks associated with climate change, environmental degradation, rising economic nationalism through natural resource diplomacy (e.g. Russia and Venezuela), and spiralling unrest in the Middle East, means that the nature and dynamics of today’s energy security crisis demands greater co-operation, as opposed to fierce competition. This is particularly the case for low income countries, where energy affordability, accessibility and reliability are weak.

Until 1993, China’s oil and abundant coal reserves meant that it could self-supply a significant amount of its energy needs. Today, approximately 90 percent of its energy requirements are met through its coal production, as well as other domestic energy supplies. In fact, China is the third largest producer of primary energy. However, by 2003 China became the second largest consumer of oil and by 2004 it became the third largest oil importer. While oil imports currently meet approximately 50 percent of its oil demands, imports are predicted to meet a staggering 80 percent of China’s oil needs by 2020. During this period, China accounted for 25 percent of the growth in world oil demand. While this represented a mere 8 percent of global consumption,¹¹ what is significant is the extent to which the security of energy supplies is driving China’s foreign policy across Africa.

Africa is endowed with approximately nine percent of the world’s proven oil reserves, accounting for 18 percent of global exports. In the case of gas, the continent represents eight percent of the world’s producible gas supplies.¹² Africa holds 18 percent of the world’s known recoverable uranium resources and boasts some of the world’s largest uranium mines. For example, the Namibian Rossing uranium mine is the world’s largest open-pit mine¹³. Africa currently supplies China with approximately 30 percent of its oil and gas imports, Angola being its lead supplier¹⁴.

To what extent does this energy push have positive effects on national and regional development in the energy sector across Africa? How could the African continent explore ways of employing the strategic role it plays in China’s energy security to improve its own investment, security and sustainability of energy supplies¹⁵?

¹¹ <http://www3.brookings.edu/fp/research/energy/2006china.pdf>

¹² <http://www.parliament.uk/commons/lib/research/rp2007/rp07-042.pdf>

¹³ http://www.spacedaily.com/reports/Analysis_Iran_looks_to_Africa_999.html

¹⁴ http://www.carnegieendowment.org/files/kurlantzick_outlook_africa2.pdf

¹⁵ http://www.ncac-usaee.org/downloads/presentations/2007/presentation_2007_may_jones.pdf



Energy scarcity in the land of plenty

Set against Africa's role as an energy supplier, while the continent accounts for just over 15 percent of the world's population, it generates a mere 4% of global electricity. The World Bank estimates that access to electricity in some rural areas in Africa can be as low as 2%. For Africans in chronic poverty, lighting is frequently the most expensive energy item consumed, typically accounting for 10-15% of scarce household income¹⁶. Africa is heavily dependent on hydropower and some 13 countries exploit this energy source to meet at least 60% of their energy needs. Yet, with variable rainfall, African dams frequently operate below capacity.¹⁷

The International Energy Association (IEA) estimates that developing countries will need annual investment rates ranging from USD\$160 - \$185 billion between 2010 and 2030, in order to ensure that the gap between energy supply and demand does not impede economic growth and progress toward the Millennium Development Goals (MDGs)¹⁸. In response to this challenge, the World Bank Group's initiative "Lighting Africa" aims to provide up to 250 million people in Sub-Saharan Africa with access to non-fossil fuel-based, low cost, safe and reliable lighting products by 2030.

In 2007, the China Development Bank - estimated to have assets larger than the Asian Development Bank and the World Bank combined - struck a partnership with the United Bank of Africa, one of the largest Nigerian commercial lenders. This deal enabled China to significantly expand its ability to finance infrastructure projects and investment across the continent. Another example is Eskom, the South African state-owned power utility that once provided the world's cheapest electricity. The post-Apartheid expansion of electrification to unserved populations however, has not been matched by the requisite investment needed to secure supplies. Currently, South Africa, which once boosted electricity surpluses and exported its abundant supplies to neighbouring economies, now frequently suffers from embarrassing outages. ***To what extent will China's investment partnerships address energy security issues in Africa? Could Chinese investment help to ensure stable energy supplies and ease power shortages across the continent?***

Nigeria diverts natural gas from the export market

As Nigeria embarks on an extensive overhaul of its energy sector, President Yar'Adua recently announced proposed legislation that would seek to raise investment of some USD\$20 billion from energy companies in a bid to harness the country's gas reserves. Nigerian officials speculate that the government may require energy producers to divert as much as 25%-30% of gas production from the export market to boost domestic supplies. Yet, there are several production and policy constraints which hinder employing natural gas for domestic power consumption. A significant amount of Nigeria's gas is flared as waste during crude oil extraction. This has been inadvertently encouraged by poor government policy which has ensured that gas exploration for export is far more profitable than investment in liquefied natural gas (LNG) for domestic use. ***What are the opportunities and challenges for China's engagement in the energy sector with respect to operational constraints in the areas of security, technical expertise and cost?***¹⁹

¹⁶ <http://lightingafrica.org/index.cfm?Page=About>

¹⁷ http://www.economist.com/world/africa/displaystory.cfm?story_id=9660077
<http://siteresources.worldbank.org/EXTENERGY/Resources/336805-1156971270190/EnergyandMiningSectorBoardPaperNo20.pdf>

¹⁹ Matthew Green "Nigeria seeks \$20bn for gas exploitation" The Financial Times, (14 March 2008)
<http://www.ft.com/cms/s/0/b9cdf13e-f169-11dc-a91a-0000779fd2ac.html>



INVESTMENT IN AGRICULTURE

Agriculture matters

In many African economies, agriculture constitutes a significant share of GDP²⁰. Almost 80 percent of Africans reside in rural areas and for the most part, 60 percent of the rural working population are small-holder farmers. These producers depend on food production (through farming or the rearing of livestock) to sustain their lives and livelihoods²¹.

The International Labour Organisation (ILO) suggests that Africa needs 10 million jobs a year to absorb the growth in its labour force. Unlocking African agricultural development capacity has the potential to absorb Africa's high proportion of under-employed, unemployed and low-skilled labour. In addition, 16 of the 18 most under-nourished countries in the world are in Africa and an expansion in food production could help to reduce the price of staple foods, an essential step in combating malnutrition. With an abundance of land and labour, tackling food security and prioritising agricultural development are pressing challenges which form part of the fight against poverty in Africa.

Political rhetoric

For decades, political recognition of the importance of agriculture has produced nothing less than high rhetoric and empty gestures, as investment in the sector has been woefully inadequate. From 1982 to 2002, aid to agriculture in Africa fell from USD\$1450 million to USD\$713 million²². Between 1980 and 2005, the share of overseas development assistance (ODA) to agriculture declined by about 35%. The reduction in agricultural expenditure as a share of national government spending was less dramatic but sizeable nonetheless²³.

There are a number of reasons for the decline in public investment in the sector, including poor transport and communication infrastructure, constraints in international trade regulations, as well as the expansion of public spending on the social sector (at the expense of the productive sector). Nonetheless, low levels of public and private investment in the sector have been matched by low levels of agricultural output and productivity and while low funding volumes appear to have hijacked the debate, there are more fundamental concerns about rates of return and the quality of investment in the sector.

Africa: China's bread basket?

As economic growth rates explode in China, per capita incomes have increased and China is now a growing net importer of food with large and expanding consumer markets. Over the next few decades, global purchasing power will be concentrated in emerging markets such as China. China is the fastest growing pool of global consumers and will become the largest by the 2020s, bringing 213 million households into the global consumer market. China's growing demand for food has fuelled global price rises and inflation. Yet, the FAO are sceptical that SSA can benefit from the boom in food prices. Moreover, even when poor countries may gain, most of the poorer producers and all of the urban population are net food buyers, so the distributional impacts will be very harmful.

At the 2006 Forum on Africa China Cooperation (FOCAC), China committed to increasing market access (from 190 to 440 items) to exports from Least Developed Countries (LDCs) receiving zero-tariff treatment²⁴. Subsequently, China has cut import tariffs on 454 items for 32 LDCs, causing

²⁰ [http://siteresources.worldbank.org/INTWDR2008/Resources/2795087-1192453208155/Overview-fig.-4-\(large\).gif](http://siteresources.worldbank.org/INTWDR2008/Resources/2795087-1192453208155/Overview-fig.-4-(large).gif)

²¹ http://www.terradaily.com/reports/Annan_Leads_Drive_To_Reverse_African_Farming_Decline_999.html

²² http://www.odi.org.uk/annual_report/ar2005/page8_agri.pdf

²³ http://www.odi.org.uk/publications/opinions/86_funding_agriculture_oct07.pdf

²⁴ <http://www.twinside.org.sg/title2/finance/twninfofinance010.htm>



more than £200 million of duty-free imports to flow into Chinese markets. However, strategically, there is still scope for African economies to collectively engage with China to further reduce agricultural subsidies and minimise the impact of tariff escalation on important African exports such as wheat, corn, rice, sugar, wool and cotton, securing much needed access to vast Chinese markets. ***How can African economies purposefully explore the growing opportunities presented by expanding Chinese markets? How can African agricultural production be better targeted to Chinese market demands, while underpinning African food security and employment creation across Africa? How can Sino-African cooperation in agricultural development help to ensure agricultural practices are economically and environmentally sustainable?***²⁵ It is important to remember that investment in agriculture must be accompanied by investments in complementary local and regional infrastructure (including information) and access to credit to aid the transfer of goods from the farm gate to the marketplace. ***How best can Chinese aid and investment address these issues?***

COMMODITIES: TRANSFORMING AFRICA'S ECONOMIC BASE?

Besides oil, China is the world's leading importer of plastic materials, metal ores, oil seeds, textile fibres and pulp and paper and demand is set to grow. For Africa, the major non-energy commodities are metal ores. China is the number one importer of iron ore, manganese, lead, and chromium with shares of world imports ranging from 32% to 54%. In addition, China accounts for 19% of world copper ore imports, making it second only to Japan²⁶. With its IT industries and electrical cabling demand, this can only increase massively.

A significant share of China's manganese imports come from Africa where Gabon, South Africa, and Ghana are among China's top five manganese suppliers and together account for 37% of China's total manganese imports. Several African countries possess large reserves of cobalt. Africa is China's main supplier of cobalt, with 85% of imports coming from only three countries: the Republic of Congo, the Democratic Republic of Congo (DRC), and South Africa.

With African countries showing a growing dependence once again on exporting one or two commodities and China being the major market, there may be short-term direct gains. Yet, it could make these exporters somewhat complacent and more worryingly, they are tied to the swings of the Chinese economy. Moreover, unless sustainably managed, these resources may be depleted and negative environmental externalities released in the rush to extract under lax regulatory frameworks. So, this commodity dependence could backfire in the medium term. It also negates the desire or need to diversify in the longer-term, which is a must for African development. In spite of rising commodities prices, Africa can ill afford to trade merely raw material and non-renewable natural resources when there are real rewards to be made from high-value products and enterprise spinning off from the rural non-farm economy (e.g. retail and services), which could significantly increase the prices commanded by African tradeable goods, providing the much needed transformation of the continent's economic base²⁷. ***Will China's demand exacerbate resource dependence in Africa? Can and should African countries diversify away from export of primary products? How can negative environmental externalities be avoided?***

²⁵ http://www.royalafricansociety.org/index.php?option=com_content&task=view&id=355&Itemid=325

²⁶ http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000199956.pdf

²⁷ Riding the Dragon: African Leadership and China's Rise, Onyeckachi Wambu